



MEDICAL VENDOR ADMINISTRATION Pharmacy Benefits Management Program

Request for Innovation for

Pharmacy Benefits Management

Release Date: December 13, 2016

Responses Due By: January 17, 2017 at 4:00 p.m. CT

www.ldh.la.gov

Executive Summary

The Louisiana Department of Health (LDH) is highly committed to providing pharmacy prescription benefit management (PBM) services for Fee-for-Service (FFS) recipients in the legacy Medicaid program. LDH is interested in learning more about innovative ways pharmacy benefit managers are approaching the management of Medicaid legacy FFS pharmacy programs for clinical and non-clinical services.

The Department desires to obtain a contractor to manage all aspects of the Pharmacy process pursuant to Federal and State laws, rules and regulations (such as *La. R.S. 46:153.3; 46:153.3.1*), including but not limited to:

- Maintain Point of Sale (POS);
- Perform Prior authorization;
- Perform Drug Utilization Review (DUR) – Prospective, Retrospective and Educational;
- Implement Step Therapy
- Manage Specialty Drugs;
- Provide information and data management;
- Provide technical support;
- Perform Prescription Prior Approval (RxPA);
- Perform Outcomes Research/Data Analysis;
- Provide clinical review of drugs/classes of drugs/monographs/therapeutic class reviews used for recommendations to the Pharmaceutical and Therapeutics (P&T) Committee;
- Provide the Department with the financial and clinical analysis of P&T recommendations both before and after implementation;
- Negotiate supplemental rebates agreements with pharmaceutical manufacturers through multi-state pooling contracts and potentially through a single state preferred drug list (PDL). In these negotiations, the PDL may be adjusted to include limited brand name drug products in each therapeutic category to maximize the financial benefit to the State;
- Develop a process of billing pharmaceutical manufacturers for federal and supplemental rebates pursuant to agreements entered into between such manufacturers and the Department for FFS and MCO;
- Prepare clinical and cost data for performance indicators for performance based budgeting;
- Perform Lock-in Program pursuant to 42 CFR §431.54(e);
- Submit claims data as specified by LDH in a timely manner to the State's data warehouse;
- Perform Medication Therapy Management (MTM); and
- Other measures deemed appropriate to accomplish PBM management.

It is the Department's intent to enter into a contract with a contractor who will be responsible for developing and maintaining general support and consultative services regarding pharmacy benefit design and implementation, PDL management, network and rebate management, administrative and claims processing services, standard and customized reporting, marketing customer service, quality management, audit, and drug utilization management functions. These functions shall be accomplished with the most current innovative technology.

Proposers are encouraged to propose efficient solutions that support the Department's goals; to include recommending necessary resources for information technology infrastructure and staffing. Proposers should address both an operating system component as well as a local staff augmentation component in this Request for Innovation (RFI).

This RFI is being issued as a means of discovery and information gathering of solutions that are being offered in the marketplace. **It is for planning purposes only**, and should not be construed as a solicitation for services or a request for proposals (RFP) nor should it be construed as an obligation on the part of the state to purchase services. This RFI is not a means of pre-qualifying proposers for any subsequently issued RFP related to this RFI.

Participation in this RFI is voluntary, and neither the Department nor the State of Louisiana will pay for any costs related to the preparation and submission of the requested information. All submissions in response to this RFI will become the sole property of LDH. Proposers should refer to the response format in this document for clarification of the nature of information sought by LDH.

For purposes of this RFI, the provisions of the Louisiana Public Records Act (La. R.S. 44:1 *et seq.*) will be applicable. Pursuant to this Act, all proceedings, records, contracts, and other public documents relating to this RFI shall be open to public inspection. Proposers are reminded that while trade secrets and other proprietary information submitted in conjunction with this RFI may not be subject to public disclosure, protections must be claimed by the proposer at the time of submission of its response. Proposers should refer to the Louisiana Public Records Act, particularly La. R.S. 44:3.2, for further clarification.

Agency Overview

The mission of LDH is to protect and promote health and to ensure access to medical, preventive, and rehabilitative services for all citizens of the state of Louisiana. LDH is dedicated to fulfilling its mission through direct provision of quality services, public and private sector partnerships, and the utilization of available resources in the most effective manner.

LDH is comprised of the Medical Vendor Administration (Medicaid), the Office for Citizens with Developmental Disabilities, the Office of Behavioral Health, the Office of Aging and Adult Services, and the Office of Public Health. Under the general supervision of the Secretary, these principal offices perform the primary functions and duties assigned to LDH.

LDH, in addition to encompassing the program offices, has an administrative office known as the Office of the Secretary, a financial office known as the Office of Management and Finance, and various bureaus and boards. The Office of the Secretary is responsible for establishing policy and administering operations, programs, and affairs.

Within the Office of Management and Finance is the Medical Vendor Administration (MVA), which administers the Medicaid Program for the state of Louisiana, in accordance with federal guidelines

from the Centers for Medicare and Medicaid Services (CMS). Medicaid is the public health program which provides payment for health care services provided by qualified health care providers to elderly, disabled and low-income Medicaid recipients through traditional fee-for-service (FFS) programs and through Managed Care Entities (MCEs). Funded by both federal and state governments, Medicaid provides medical benefits such as physician, hospital, laboratory, x-ray, and nursing home services. The Pharmacy Benefits program is currently administered by the PBM program staff of LDH, which utilizes the services of external contractors such as: Molina Information Systems, LLC; the University of Louisiana at Monroe (ULM), School of Pharmacy; University of New Orleans (UNO); Magellan Medicaid Administration, Inc.; and Myers and Stauffer LC.

The Medicaid Pharmacy Benefits Management (PBM) program is responsible for the development, implementation and administration of the Fee-for-Service Pharmacy program within the MVA. The current LDH PBM was the first state-owned and administered PBM System in the nation. The PBM program is charged with the responsibility of assuring quality Medicaid pharmacy services while developing efficiencies in operation, service and cost. Louisiana Medicaid pays for prescription drugs for Medicaid beneficiaries and also reimburses for a limited number of drug products for Medicaid/Medicare dual eligibles. The pharmacy program covers all Food and Drug Administration (FDA) approved legend drugs that meet the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) and OBRA '93 criteria with a few exceptions (42 USCA §1396r-8). Some exceptions include cosmetic drugs, cough and cold preparations, diet aids, Drug Efficacy Study Implementation (DESI) drugs, and fertility drugs. The PBM program is responsible for the daily operational activities of pharmacy prescription services, one of the largest service areas under the Medicaid program with annual expenditures in excess of \$91 million for payment of approximately 1.1 million prescription drug claims. The PBM generates revenues through federally mandated rebates and provider fees within the MVA. Nearly \$365 million has been generated annually from over 600 drug manufacturers through the federal rebate system and additional savings are projected to be generated through the prior authorization (PA) and state supplemental rebate system.

Louisiana currently has more than 1.5 million people enrolled in Medicaid, of which approximately 126,000 receive a FFS pharmacy benefit. The Department continues to transform Medicaid, moving away from a strictly FFS system and effectively coordinating enrollees' health care. Overall, coordinating care leads to better access, more choices and improved health for patients.

Programs and Benefits

For detailed information on programs and benefits, please visit the following website:

<http://new.dhh.louisiana.gov/>

Although some covered services and benefits remain FFS, Healthy Louisiana is the primary method through which most Louisiana Medicaid and LaCHIP (Louisiana Children's Health Insurance Program) recipients receive health care services.

Operation Overview

The proposer should propose the broadest prescription benefit management services they offer. The proposer should have demonstrated experience in providing the products and services as defined in this RFI, including, but not necessarily limited to:

- General support and consultative services regarding pharmacy benefit design and implementation,
- Formulary management,
- Network and rebate management,
- Administrative and claims processing services,
- Standard and customized reporting packages,
- Marketing,
- Customer service,
- Quality management, and
- Utilization management functions.

The Pharmacy Benefits Management solution should provide the following *primary* components:

- A comprehensive operational plan - prospective as well as a retrospective system to be utilized to enhance PBM operations in a FFS as well as managed care environment.
- Sufficient local staffing (clinical and data analysts, medical consultants, embedded pharmacist, managers, clerical support, phone operators, etc.) with the skill sets to perform PBM daily operations.
- A PBM system that will meet / exceed CMS certification standards and profile claims electronically as well as serve as the primary analytics tool for the analysts.

Additional Objectives and Requirements

1. The proposer should have the following capabilities: Innovative PBM Strategies; Point of Sale (POS), Member and Prescriber Adherence; Medication Therapy Management and Disease Management; Revenue and Cost Models; Specialty Drug Management; Compound Drugs; PDL/Formulary Concepts and Design; and Performance Guarantees.
2. The proposer should address cost saving measures/strategies to maximize State funds.
3. The POS system should verify recipient eligibility, provider (pharmacy and prescribing) enrollment, prescriptive authority, Medicaid approved drug coverage, and the latest NCPDP guidelines.

LDH-MVA-Pharmacy Benefits Management RFI

4. The proposer should have advances in Health Information Technology with respect to pharmacy claims processing, benefits management and promoting better health outcomes.
5. The proposer must have the capability to analyze the likelihood of recovery of claims, audits and rebates, and the scope of financial impact.

Your response to this RFI should include various components and should address implementation issues related to: 1) a comprehensive operational plan, 2) a system component that meets or exceeds the above requirements, and 3) a local staff augmentation component. The response should also identify your areas of expertise and your experiences in other states, specifically with FFS Medicaid. Results of prior experiences and outcomes will be of particular interest to the State. You are encouraged to be as detailed as possible and offer recommendations on other related issues not specifically outlined herein. Proposers should be prepared to present and demonstrate, in person, information referenced in this RFI if called upon to do so by LDH.

Proposers are requested to describe their approach to providing the components requested herein including the following:

- Roles, and functions of KEY staff
- Proposed Timeline for implementation

Please include the additional information below in your response:

- Corporate background and experience
- Oversight approach and methodology for differing Pharmacy delivery modes (FFS versus managed care)
- Implementation timeframe of solution
- Discuss the pros and cons of the approach submitted
- Provide which state(s) your company is currently providing these services

Responses should be no more than twenty-five (25) pages long.

RFI Requirements Process

Participation in RFI

All proposers interested in participating in this RFI should send an electronic copy (via email) and at least one hard copy (by U.S. mail) of their response to the email and physical address below:

State of Louisiana
Department of Health
Bureau of Health Services Financing
Germaine Becks-Moody
Germaine.Becks-Moody@la.gov
Medicaid Program Manager 2,
628 North 4th Street, 6th Floor
Baton Rouge, LA 70802

The electronic copy must be received by LDH, and the hard copy must be placed in the U.S. Mail, no later than the “Responses Due By:” date and time stated on the first page of this RFI.

Responses should be identified as Pharmacy Benefits Management RFI on the email subject line and on the exterior of the U.S. Mail envelope.

Liabilities of Agency

This RFI is only a request for information about potential products/services and no contractual obligation on behalf of the Louisiana Department of Health Medical Vendor Administration whatsoever shall arise from the RFI process.

This RFI does not commit the Louisiana Department of Health Medical Vendor Administration to pay any cost incurred in the preparation or submission of any response to the RFI.

Confidentiality and RFI Ownership

RFI Ownership: All responses to the RFI will become the property of the Louisiana Department of Health, Medical Vendor Administration and will not be returned.